

# Quarterly Report

Period ended 30 June 2015



ASX:BRU

The Directors of Buru Energy Limited (“Buru Energy”) are pleased to provide the report for the quarter ended 30 June 2015.

## Highlights

- **Commencement of Ungani commercial production** – Facility upgrades completed on time and incident-free, Native Title Agreements executed, regulatory approvals received and production commenced on 16 July at 1,250 bopd, with targeted level of 3,000 bopd.
- **Drilling of the Olympic 1 exploration well** – The well was completed on time and on budget at no cost to Buru Energy. The well was drilled on a different play type to the Ungani trend and no significant hydrocarbons were encountered.
- **Commencement of the 2015 exploration work program** – The 2015 Ungani trend exploration program commenced with the spudding of the Praslin 1 well. An extensive aerogravity survey was also undertaken and preparations continued for the acquisition of extensive 3D and 2D seismic programs.
- **Resolution of the Fitzroy River Royalty claim** – Fitzroy River Corporation Limited’s claim in relation to the calculation of the royalty payable under the Canning Basin Royalty Deed was dismissed in the Supreme Court.
- **Alcoa gas sales agreement restructured** – The current gas sales agreement with Alcoa has been terminated with Alcoa retaining a right to purchase 100PJ of gas at market rates and conditions. Structured repayment terms for the gas prepayment amount over a three year period have been agreed.

## Production and Development

### Ungani Oilfield

During the quarter the Ungani Oilfield was shut in to allow for the necessary upgrades to the facility to allow full field production under the Production Licence and the associated regulatory approvals.

On 14 April, the Native Title Agreement with the Yawuru People was executed. This agreement was the final one required, and followed the other Native Title agreement executed with the Nyikina Mangala and Karajarri Yanja People in March. These agreements deliver significant financial and other benefits for the Traditional Owners and

they include a process for managing cultural, heritage and environmental matters for those parts of the project located within the respective Native Title areas. Following execution of these agreements, Buru Energy and its equal joint venture partner at Ungani, Mitsubishi Corporation (Mitsubishi), completed their application for the Ungani Production Licence from the Department of Mines and Petroleum in WA (DMP).

The joint venture received formal grant of the Production Licences for the Ungani Oilfield from the DMP on 6 July 2015. The Production Licences authorise the joint venture to produce oil from the Ungani Oilfield and will remain in force indefinitely, subject to the usual conditions applying to these types of licences, including the requirement to pay a net wellhead royalty to the State. Other required approvals under the Western Australian regulatory system included the Petroleum Pipeline License for Ungani Production Facility (the UPF), the Facility Safety Case, HSS Management System, Emergency Response Management Plan, Care, Maintenance and Pre-commissioning Environment Plan, Commissioning and Operations Environment Plan, the Field Management Plan (incorporating Reservoir Management Plan), and the UPF Design Validation.

During the quarter the field facilities were upgraded on time with no incidents. These upgrades will result in a more efficient and cost-effective operation of the field. Buru Energy's share of capital costs for the upgrade and the capital work needed to maintain and increase production are being met by Mitsubishi under the terms of the funding agreement between the parties.

The principal upgrades at the facility included replacement of piping and valves, tank repairs and recertification, electrical and instrumentation replacement and refurbishment, addition of new load out facilities, and improvements in operational flexibility. This work was managed by Buru Energy staff with major support contracts awarded to Momentum Engineering and Piped Energy. The upgrade was completed under tight deadlines and budgets with no incidents or accidents. This experience gained with onshore developments is a substantial asset for the Company and will make a very significant contribution to future development projects.

A new trucking contract has also been executed with Fuel Trans Australia for the transport of Ungani crude to Wyndham Port after a re-tender process was completed. The new contract provides considerably improved flexibility and rates.

On 16 July commercial oil production at Ungani recommenced at an initial rate of 1,250 bopd while additional pressure and flow data is obtained and interference tests are run to gather further reservoir property data. This data will assist in formulating the forward development plan for the field and the conversion of resources to reserves once the additional data is obtained. The field has an initial increased target of 2,500 bopd, rising to 3,000 bopd. Ungani production will generate positive cash flow for the joint venture with the prospect of increased margins from the cost reduction program and increases in production volumes.

### **Blina and Sundown Oilfields**

The Blina and Sundown Oilfields remained shut-in during the quarter. Buru Energy is continuing its remediation of this area which has been under the previous ownership of seven different companies since the discovery of oil in the area in 1981. The Company ceased production from the area in 2013 and is now focusing on remediating the area, including the rehabilitation of interceptor and evaporation ponds. The Company has worked with DMP to prepare and implement an Environment Plan for these fields. An ongoing comprehensive water monitoring program has not detected any evidence of effects from petroleum operations on the groundwater in the area.

The remediation program is progressing well with the entire existing infrastructure now removed or rehabilitated. The full program is expected to take up to two years to complete and the Company has made adequate provision for the costs of this work.

## Exploration

The principal exploration activities during the quarter included:

- Drilling of the Olympic 1 exploration well
- Spudding of Praslin 1 exploration well on the Ungani trend
- Extensive aerogravity survey acquired
- Preparation for the 2015 exploration program

### Exploration drilling

The 2015 exploration drilling program commenced on 22 May with the spudding of the Olympic 1 conventional oil well drilled with DDH1 Rig 31. The Olympic 1 well is located in exploration permit EP 473 approximately 60kms to the southeast of Broome and some 22kms inland from the Great Northern Highway. The drilling of the well satisfied the Year 4 work commitment on that permit.

Olympic 1 was the second well to be drilled as part of the Quadrant Energy Ltd (formerly Apache Onshore Holdings Pty Ltd) farm out announced in November 2013. The cost of the well was fully funded by Quadrant Energy under the terms of the farmout which includes a commitment by Quadrant Energy to fund a \$25 million exploration program on EP 390, 438, 471 and 473. Buru Energy and Mitsubishi both have a 25% equity interest in the well and in EP 473 with Quadrant Energy having the remaining 50% equity interest.

The primary objective of the Olympic 1 well was the conventional oil reservoirs in the Willara Formation with secondary objectives in the underlying Nambheet Formation. The well was drilled to the total depth of 1,447 metres in the Nambheet Formation with excellent core recovery. Open-hole wireline logs were also acquired over the cored section. No significant hydrocarbons were observed and consequently, the well was plugged and abandoned and DDH1 Rig 31 was released.

On 17 July the drilling program on the Ungani trend commenced with the spudding of the Praslin 1 conventional well. Praslin 1 is located on exploration permit EP 391, 90kms east of Broome and 15kms west of Buru Energy's producing Ungani Oilfield. The well, which is being drilled with Atlas Rig 2, has a programmed total depth of 2,600 metres and is expected to take some 33 days to drill. Buru Energy and Mitsubishi each have a 50% equity and contributing interest in the Praslin 1 well and in EP391.

Praslin 1 is targeting conventional oil and gas in the Ungani Dolomite and Laurel clastic reservoirs and potentially also in Devonian aged carbonates. The Praslin prospect has strong similarities to Ungani and has been defined by the Jackaroo 3D seismic survey and regional aerogravity surveys. Praslin is part of a large complex of structures including Jackaroo and Praslin North. These structures provide both potential follow-up locations and additional stand-alone prospectivity to Praslin.

### Aerogravity

Aerogravity surveying has proven to be an excellent regional exploration tool in the Canning Basin. Previous surveys by the joint venture have provided detailed geological data for both regional and prospect mapping, and the recently completed 2015 survey over the EP 391, EP 431 and EP 436 permits infilled a number of these previous surveys. The survey covered some 6,000 sq kms and was completed on time and on budget in eight days by CGG Aviation. The total coverage of aerogravity data acquired by the various joint ventures now exceeds 50,000 sq kms.

### **Preparation for the 2015 exploration program**

The Ungani trend wells that have been agreed by the respective joint ventures, in addition to Praslin 1, include Victory 1, Senagi 1 and Ungani FW. Further additional optional wells include Ophir 1 - an updip test of the Paradise 1 oil discovery and Emanuel 1 the test of the deep Sunbeam prospect. These optional wells are subject to rig availability and, where appropriate, final joint venture approvals. The joint venture has the ability to immediately test any discoveries.

The program contains an excellent mix of play types and risks, ranging from semi-appraisal at the Ungani field to a very high impact wildcat at Victory 1. Further details of each well will be released prior to its spud.

Continued acquisition of seismic and aerogravity data is essential to the systematic exploration of the Canning Basin. The high quality 3D data acquired along the Yulleroo to Ungani trend is particularly important for the further exploration of Ungani style prospects. The 2015 program will include the acquisition of the Yakka Munga 3D seismic survey across the very large regional Yakka Munga high to the north of Ungani and over the Bickley trend to the east of Ungani. This 3D survey is of similar size to the existing Ungani and Jackaroo 3D surveys and should provide technically robust drilling locations for the 2016 program.

Additionally, 2D seismic data will also be acquired over the Raphael prospect, a large, very attractive conventional gas prospect with an Ungani Dolomite reservoir target, and also over a number of other prospective areas. Apart from identifying good quality oil drilling targets for the 2015 program, the work over the last year has identified a number of highly attractive conventional gas targets. These prospects are generally deeper than the depth capacity of the rigs being used for the 2015 program so are potential targets for the 2016 program using a larger rig.

### **Laurel Formation Tight Gas Pilot Exploration Program (TGS15)**

All government and regulatory approvals for this program are in place subsequent to the Minister upholding the EPA decision that Buru Energy's "small scale, limited duration 'proof of concept' exploration proposal is unlikely to have a significant effect on the environment". Traditional Owner agreement for the eastern wells program has been received from the Noonkanbah community and preliminary work was carried out on these wells in late 2014. This work included "mini fracs" or DFIT's to confirm rock properties, and this data confirmed the experimental work that had been carried out previously and the suitability of the rocks for a frac test.

As foreshadowed in previous reports, the Company has reviewed and rebid all aspects of this program in light of the much improved contractor rates. This process has now been completed and a contract has been executed with Condor Energy for pressure pumping services. Contracts have also been executed for all other major aspects of the program including snubbing unit services, wireline services, and well testing services.

The Company also plans to acquire a cement bond log on the Yulleroo 4 well to confirm the integrity of the cement bond on the lower section of the well. This is a routine operation that is undertaken on all wells where the initial results of the cement bond logging are not definitive.

## **Corporate**

### **Alcoa gas sales contract**

Discussions with Alcoa in relation to the gas sales agreement between Buru Energy and Alcoa have now been concluded. The original agreement between ARC Energy and Alcoa was entered into in 2007. The gas sales agreement was for ARC Energy (subsequently Buru Energy) to supply up to 500 petajoules of gas to Alcoa at a gas price that reflected the long-term commitment between the parties and the realities of the Western Australian gas market in 2007. Under the terms of the original agreement, Alcoa made a \$40 million prepayment for gas which was to be repaid if a final investment decision (FID) to supply gas did not occur by agreed dates. The FID date for the gas project has been extended a number of times, and was recently extended to 31 July 2015 to allow discussions between the parties to be finalised.



As part security for the potential repayment obligation if FID was not reached by the agreed date, Buru Energy subsequently placed \$20 million into an escrow account which currently, with interest and agreed withdrawals, contains some \$22.3 million. Given Alcoa's recent alternative gas supply arrangements and the evolution of the gas market since 2007, the current agreement under which Buru Energy essentially had the ability to "put" 500 PJ of gas to Alcoa is no longer appropriate for Alcoa's requirements. The parties have therefore agreed to terminate the current gas sales agreement and to a staged repayment of the gas prepayment funding.

However, the parties will continue their relationship in regard to gas supply, and Alcoa will retain a right to purchase up to 100PJ of gas at market related pricing and terms subject to Buru Energy undertaking a gas development that delivers gas into the Dampier to Bunbury Natural Gas Pipeline.

The company currently has in excess of \$40 million in cash (excluding the escrow funds). Under this revised agreement the termination of the current contract will lead to the repayment of the gas pre-payment under the following terms, which mean that the first repayment of funds outside of the escrow funds will not be required for two years, in mid-2017.

- (a) \$15 million to be paid on 4 August 2015 from the existing ~\$22.4 million of funds in the escrow account. The remaining funds in the escrow account will be used to pay for Buru Energy's share of the TGS15 tight gas exploration program;
- (b) \$12.5 million to be paid on 30 June 2017; and
- (c) \$12.5 million to be paid on 30 June 2018, subject to certain financial criteria being met from December 2017.

### **Gas market dynamics**

The Company is currently undertaking an independent review of the Western Australian gas market. Preliminary results suggest the potential for much higher prices to be achieved than those contained in the original Alcoa contract. There is also substantial potential for markets in the Pilbara which would provide significantly higher rates of return than delivering gas into the southwest of Western Australia, and the company is actively assessing these opportunities.

The Company is also assessing opportunities to supply gas in the Kimberley for use in power generation, transportation, and petrochemical (methanol) production. These projects have been subject to analysis by the Company over a number of years and have the potential to create considerable value for local communities and the wider region. Buru Energy has also identified a number of conventional gas opportunities in addition to its world-scale tight gas project and intends to pursue these aggressively in the next drilling season.

### **Dismissal of the Fitzroy River Royalty Claim**

On 14 April 2015, the Western Australian Supreme Court delivered a decision in proceedings CIV 2315 of 2013 involving Buru Energy Limited, Mitsubishi and Fitzroy River Corporation Limited (Fitzroy River) regarding the proper construction of the Canning Basin Royalty Deed.

His Honour Mr Justice Mitchell, dismissed Fitzroy River's claim in relation to the royalty payable under the Canning Basin Royalty Deed and confirmed that Buru Energy and Mitsubishi's interpretation of the Deed is correct. Fitzroy River was ordered to pay the costs of Buru Energy and Mitsubishi. As a result of this decision Fitzroy River will continue to receive a 2% royalty based on the net value of the petroleum at the wellhead.

## Resignation of Non-Executive Director

On 23 April, Buru Energy advised that Non-Executive Director the Hon Peter Jones had resigned from the Board effective immediately. Mr Jones had been suffering from ill health and wished to be able to concentrate on his recovery. Subsequent to Mr Jones' resignation, the Board consists of Mr Eric Streitberg (Executive Chairman) and Non-Executive Directors Ms Eve Howell and Mr Rob Willes.

The Board has underway a structured search process to identify suitable additional Non-Executive Director candidates in line with its Board Charter.

## Financial

The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter ended 30 June 2015. The material elements of the cash flow in the period were:

- Exploration cash outflows of \$0.4m for the quarter (March 2015 \$6.8m), comprised primarily of costs associated with preparation for the 2015 exploration program. The Olympic 1 well was drilled during the quarter but was fully funded by Quadrant Energy.
- Ungani development expenditure of \$0.7m for the quarter (March 2015 \$1.3m), the majority of which were costs associated with Ungani production facility engineering and upgrades.
- Ungani production operating expenditure of \$0.4m for the quarter (March 2015 \$2.3m). These costs were primarily associated with the field being under care and maintenance whilst the upgrades and regulatory approvals were being undertaken. There were no crude sales during the quarter (March 2015 \$2.1m from two shipments).
- Corporate and administration costs of \$1.1m for the quarter (March 2015 \$1.9m), reflecting the continued effect of cost management measures in reducing the overheads in the business.
- A cash inflow of \$1.1m was recorded during the quarter from cattle sales following a muster on the Yakka Munga Pastoral Station. Costs associated with running the station during the quarter, and undertaking the muster and remediation activities totaled \$0.6m giving a net cash inflow from the Yakka Munga Pastoral Station of \$0.5m.

The Company recorded a net cash outflow of \$1.7m for the quarter (March 2015 net cash outflow \$16.5m) and at the end of the quarter had cash reserves of \$41.9m.

The Company is forecasting the following cash outflows in the September 2015 quarter:

- **Exploration:** \$6.1m - Exploration costs are estimated to include Buru Energy's share of drilling and seismic surveys as set out above, as well as ongoing geological and geophysical costs.
- **Development:** Nil - Costs associated with the Ungani production facility upgrades and any other development costs are expected to be fully carried by Mitsubishi.
- **Production:** Nil - \$2.0m of production costs are estimated to be payable in the September 2015 quarter, being the operating costs for the Ungani Oilfield production but this is expected to be fully offset by cash receipts from production.
- **Corporate and administration** - \$1.4m is estimated to be payable in the September 2015 quarter, consistent with the previous quarters.

Visit [www.buruenergy.com](http://www.buruenergy.com) for information on Buru Energy's current and future activities.

For inquiries please contact Buru Energy:

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## **About Buru Energy**

Buru Energy Limited (ASX: BRU, S&P/ASX300) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. Its flagship high quality conventional Ungani oilfield project is owned in 50/50 joint venture with Mitsubishi Corporation. As well as Ungani, the Company's portfolio includes potentially world class tight gas resources.

The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin in an environmentally and culturally sensitive manner.

## **Competent Persons Statement**

Information in this release related to exploration and production results and petroleum resources is based on information compiled by Eric Streitberg who is the Executive Chairman of Buru Energy Limited. Mr Streitberg is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 38 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this report.

## Schedule of interests in permits as at 30 June 2015

PERMIT	TYPE	OWNERSHIP	OPERATOR	LOCATION
L6	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L20	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
L21	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
EP129	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP371	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP390	Exploration permit	25.00%	Buru Energy Ltd	Canning Basin, WA
EP391	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP428	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP431	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP436	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP438	Exploration permit	25.00%	Buru Energy Ltd	Canning Basin, WA
EP457	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP458	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP471	Exploration permit	25.00%	Buru Energy Ltd	Canning Basin, WA
EP472	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP473	Exploration permit	25.00%	Buru Energy Ltd	Canning Basin, WA
EP476	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP477	Exploration permit	50.00%	Buru Energy (Acacia) Pty Ltd	Canning Basin, WA
EP478	Exploration permit	50.00%	Buru Energy (Acacia) Pty Ltd	Canning Basin, WA
PL7	Onshore pipeline licence	100.00%	Buru Energy Ltd	Canning Basin, WA

## Glossary

2D	Two Dimensional
3D	Three Dimensional
bbls	Barrels of oil
bopd	Barrels of oil per day
Buru Energy or the Company	Buru Energy Limited (ASX code: BRU)
DMP	Western Australian Department of Mines and Petroleum
EPT	Extended Production Test
FID	Final Investment Decision
TGS	Laurel Formation Tight Gas Pilot Exploration Program
Mitsubishi or MC	Mitsubishi Corporation
Quadrant Energy	Quadrant Energy Limited
Fitzroy River	Fitzroy River Corporation Limited



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 1/6/10, 17/12/10, 1/5/13

Name of entity

**BURU ENERGY LIMITED**

ABN

71 130 651 437

Quarter ended ("current quarter")

30 June 2015

#### Consolidated statement of cash flows

	Current quarter \$A ('000)	Year to date (6 months) \$A ('000)
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	2,118
1.2 Payments for (a) exploration & evaluation	(421)	(7,178)
(b) development	(741)	(2,014)
(c) production	(404)	(2,694)
(d) administration	(1,112)	(2,820)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	441	676
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – pastoral station activities	536	344
<b>Net operating cash flows</b>	<b>(1,701)</b>	<b>(11,568)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) fixed assets	3	(65)
(b) pastoral station	-	(6,550)
1.9 Proceeds from sale of:		
(a) fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Withdrawal of cash held in escrow	-	-
<b>Net investing cash flows</b>	<b>3</b>	<b>(6,615)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,698)	(18,183)

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,698)	(18,183)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Loan pursuant to the employee share acquisition scheme	-	-
<b>Net financing cash flows</b>		-	-
<b>Net increase (decrease) in cash held</b>		<b>(1,698)</b>	<b>(18,183)</b>
1.20	Cash at beginning of quarter/year to date	43,567	59,894
1.21	Exchange rate adjustments to item 1.20	(13)	145
<b>Cash at end of quarter</b>		<b>41,856</b>	<b>41,856</b>

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	238,886
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
N/A		

### Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
<p>Buru Energy Ltd (“Buru Energy”) and Alcoa of Australia Ltd (“Alcoa”) have agreed to escrow \$20,000,000 and interest thereon in partial satisfaction of Buru Energy’s obligations to repay a \$40,000,000 gas prepayment made by Alcoa. The current escrowed balance of \$22,359,233 is not included in the above cash balance. The agreement was revised in July 2015 and the termination of the current contract will lead to the repayment of the gas prepayment under the following terms:</p> <ol style="list-style-type: none"> <li>\$15 million to be paid on 4 August 2015 from the existing ~\$22.4 million of funds in the escrow account. The remaining funds in the escrow account (~\$7.4 million) will be used to pay for Buru Energy’s share of the TGS15 tight gas exploration program;</li> <li>\$12.5 million to be paid on 30 June 2017; and</li> <li>\$12.5 million to be paid on 30 June 2018, subject to certain financial criteria being met from December 2017.</li> </ol>	

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
	N/A	

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

		\$A ('000)
4.1	Exploration and evaluation	(6,100)
4.2	Development (net of JV carried expenditure)	-
4.3	Production (net of production inflows)	-
4.4	Administration	(1,400)
	<b>Total</b>	<b>(7,500)</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A ('000)	Previous quarter \$A ('000)
5.1 Cash on hand and at bank	8,196	7,024
5.2 Deposits at call	33,660	36,542
5.3 Bank overdraft	-	-
<b>Total: cash at end of quarter</b>	<b>41,856</b>	<b>43,566</b>

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No change in interest		
6.2	Interests in mining tenements acquired or increased	No change in interest		

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Preference + securities</b> <i>(description)</i>	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -	- -
7.3	<b>+Ordinary securities</b>	339,997,078	339,997,078	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -	- -
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -
7.7	Options (description and conversion factor)	5,400,000 5,150,000 <u>10,550,000</u>	- \$0.80	<i>Exercise price</i> \$1.12 31 Dec 2016 <i>Expiry date</i> 31 Dec 2017
7.8	Issued during quarter	5,150,000	-	\$0.80 31 Dec 2017
7.9	Exercised during quarter	-	-	-
7.10	Expired during quarter	1,000,000	-	\$1.12 31 Dec 2016
7.11	Debentures (totals only)	N/A	N/A	
7.12	Unsecured notes (totals only)	N/A	N/A	

### **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



..... Date: 30 July 2015

Shane McDermott  
General Manager Finance and Company Secretary

### **Notes:**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities; the issue price and amount paid up are not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.